

Education and Workforce Development Cabinet

Kentucky's jobless rate drops to 8.7 percent in February 2012

Press Release Date: Thursday, March 22, 2012

Contact Information:

Editor's Note: Preliminary February and revised January labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate dropped to 8.7 percent in February 2012 from a revised 8.8 percent in January 2012, marking the eighth consecutive month the rate has declined, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary February 2012 jobless rate was 1.1 percentage points below the 9.8 percent rate recorded for the state in February 2011.

The U.S. seasonally adjusted jobless rate remained at 8.3 percent from January 2012 to February 2012, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In February 2012, Kentucky's civilian labor force was 2,065,416, a decrease of 1,218 individuals compared to the previous month. The number of unemployed people fell by 3,389 over the same period.

"The employment situation has improved steadily since last summer," said economist Manoj Shanker of the OET. "However, it is important to realize that there will be some blips on the way as businesses adapt to the new post-recession economy."

According to a separate survey of seasonally adjusted employment data provided by the Bureau of Labor Statistics' Current Employment Statistics (CES) program, seven of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in February 2012, while three decreased and one stayed the same. According to this survey, Kentucky has added 8,000 nonfarm jobs since January 2012 and 34,600 positions since last February.

Kentucky's professional and business services sector jumped by 3,300 positions in February 2012. This area includes professional, scientific and technical services; management of companies; and

administrative support and waste management, including temporary help agencies. Since last February, jobs in the sector have grown by 18,400 or about 10 percent.

“The prospect of recovery, especially sustained recovery, is being watched carefully by all industries including manufacturing. Businesses are hedging their bets by filling positions as diverse as assembly line workers and health services positions through temporary employment services. This practice boosts overall employment, but will keep wages low,” said Shanker.

The state’s leisure and hospitality sector gained 3,000 jobs in February 2012 compared with a month ago. Since February 2011, the sector has grown by 6,800 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services, and drinking places industries.

“Accommodations and food services comprise about 90 percent of this sector and it posted job gains of 1,900 from a month ago. Since last February, this component has grown by a robust 6,000 jobs,” said Shanker.

The government sector, which includes public education, public administration agencies and state-owned hospitals, added 1,400 jobs in February 2012. The sector had 4,000 fewer jobs than in February 2011.

Construction sector jobs rose by 1,200 in February 2012. Since February 2011, employment in the construction sector has increased by 2,600 jobs.

“Kentucky now has had three months of above- average growth in construction employment, but until overall economic recovery becomes more widespread, the boom in construction may soften by late spring,” said Shanker.

The educational and health services sector rose by 600 jobs in February 2012. The sector has gained 5,700 jobs since February 2011. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

Employment in the other services sector, which includes such establishments as repair and maintenance businesses; personal and laundry services; religious organizations; and civic and professional organizations, increased by 400 positions in February 2012. This sector had 500 more positions than in February 2011.

The financial activities sector rose by 100 jobs from a month ago. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, had 1,900 fewer positions than in February 2011.

Employment in the mining and logging sector remained steady from January 2012 to February 2012. The number of jobs in the sector has dropped by 500 from February 2011.

The trade, transportation and utilities sector fell by 600 jobs in February 2012. This area includes retail and wholesale trade, transportation and warehousing businesses, and utilities. It is the largest sector in Kentucky with 367,500 positions. Since February 2011, the number of jobs in this sector has jumped by 3,100.

“The February decline in jobs in this sector resulted from a loss of 1,700 positions in retail trade. The other two major components, wholesale trade, and transportation, warehousing and utilities had job gains. Fluctuations in retail trade employment are becoming common as businesses try to maximize their razor-slim profits in a very competitive market,” said Shanker.

The information sector had 400 fewer jobs in February 2012. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 800 positions since February 2011.

Kentucky’s manufacturing sector decreased by 1,000 jobs in February 2012. Since February 2011, employment in the manufacturing sector has climbed by 4,700 positions.

“The decline in manufacturing jobs in February 2012 was in the durable goods industries. This area of manufacturing has seen jobs migrate from the manufacturing sector to the professional and business services sector, which includes temporary employment services. This indicates that manufacturing output is not declining in Kentucky, but some of those jobs are now being performed by temporary workers,” said Shanker.

“In spite of the drop in February, manufacturing employment posted 19 months of unprecedented year-over-year gains,” Shanker said.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.